

**Urban Flood Safety & Water Quality District**  
**\$150 Million bond**  
**Tax Hearing Minutes**

**Wednesday, May 1, 2024 1:00 pm**

Online: <https://zoom.us/j/94623631636?pwd=b1Ryc2hMdCtWaFIZMWJqdU9FbHpSQT09>

**Measure 26-243**

**Present:**

**TSCC:**

Chair Harmony Quiroz, Vice Chair Mark Wubbold, Commissioner Matt Donahue, Commissioner Tod Burton, Commissioner Allison Lugo Knapp, Executive Director Allegra Willhite, and Budget Analyst Tunie Betschart

**Absent:**

None

**Urban Flood Safety & Water Quality District**

**Board:**

Board Chair Steve Fancher, Rachele Altmen, Corkey Collier, Steve Fancher, Nancy Hendrickson, Maryhelen Kincade, Erik Molander, Erich Mueller, Seth Reeser, Bob Sallinger, and Tanney Staffenson

**Staff:**

Executive Director Jim Middaugh, Director of Planning and Public Affairs Colin Rowan, Policy & Administrative Manager at MCDD Emily Robertson, Director of Engineering and Operations Bill Owen, Director of Finance and Administration Lori Baker.

Chair Harmony Quiroz opened the public hearing for Urban Flood Safety & Water Quality District's \$150 Million Bond Measure Hearing for infrastructure improvements by stating the commission is a neutral body in this matter and is holding this hearing for the public's benefit. The commission will take no formal action today. The "action" will be taken by the voters in May. This hearing aims to discuss and take public testimony on Measure 26-243, which the Urban Flood Safety & Water Quality District has put on the May 2024 ballot.

She asked the TSCC Commissioners and the district staff to introduce themselves.

Following introductions, Chair Quiroz asked if any members of the public would like to speak. She explained that each person was limited to three minutes. Executive Director Allegra Willhite said no members had signed up in advance to give comments. She asked

if anyone attending would like to comment. Ms. Maryhelen Kincade said neighbors asked her to ask specific questions if not addressed during the hearing. So, she would wait until after the end of the hearing to ask these questions.

With that, Chair Quiroz moved to the prepared questions.

### **TSCC Questions:**

#### **Commissioner Tod Burton asked the following questions:**

Being a new district, some voters may still be unaware of UFS&WQD's existence and purpose. What recent communication work have you done as outreach to voters?

Ms. Heather King said before the referral of the bond measure, district staff launched a six-month communications and outreach effort called Flood Safe Columbia River to raise general awareness about the flood safety system along the Columbia River and the proposed solutions to upgrade the aging infrastructure to meet federal safety standards and a changing climate. This effort was built on the deliberate work of the district and regional partners through Levy Ready Columbia over the last decade to raise awareness of flood safety through public meetings, open houses, neighborhood meetings, mailings, newsletters, and media coverage. Flood Safe Columbia River conducted a broad outreach to residents within Multnomah County. It targeted environmental groups, the business community, residents living in the managed flood plain, and residents with limited English proficiency. Outreach methods included digital communications, educational events, and targeted mailings. Flood Safe Columbia River also developed a community survey and a polling instrument to identify regional priorities related to flood safety investments. The survey and polling results informed the size and scope of the bond measure. Partnership and collaboration with various stakeholders were essential in amplifying key messages and the opportunities for public participation.

This spring, district staff are launching an informational communications program to educate the public about proposed measure 26-243. This effort includes large-scale mailings and digital advertisements approved by the Secretary of State.

Looking at your ballot title, we noticed no mention of seismic event risks. What considerations for seismic safety do the bond projects include?

Mr. Steve Fancher said there will likely be widespread damage to infrastructure across the region during a significant seismic event. The flood safety system will likely sustain damage, so the district would work with the state and federal response agencies to prioritize repairs within the regional recovery effort. The capital improvement package that the GO Bond Measure would fund is focused on recertification and addressing

vulnerabilities in the flood safety system. This creates some opportunities to make the system more resilient to seismic events. This is especially true for pump stations and their replacements. The design for any new pump station will include a risk analysis and seismic measures as appropriate. Should voters approve the proposed measure, the flood safety system will be better prepared for seismic events than it is today.

**Chair Harmony Quiroz asked this follow-up question:**

How successful has the outreach to voters been? Do you feel there is a greater awareness of this relatively new district and what the district does?

Mr. Jim Middaugh said the district can't over-communicate. The district has utilized the available resources well. However, the polling and outreach suggest that there is a gap between the desired awareness level and the actual level of public awareness. This can be seen in the ongoing conversations. There is undoubtedly more work to do.

Ms. King added that as they work in partnership with the various districts, talking about the activities and answering questions, providing information, posting on the website, and hosting some webinars, the public is learning and understanding the importance of the district and the bond measure. It just takes time.

Mr. Middaugh said the folks like Maryhelen, Erik Molander, and Corkey Collier, who've been involved in the legacy districts for a long time, have done an incredible outreach. Residents of the flood plain are much more familiar with the work than people in the new portions of the district. When the work crews are out working in the community, they receive a warm welcome from many. Seeing the appreciation as they ask questions about what the district is doing is gratifying.

Ms. Maryhelen Kincade added that she received a call asking about the ballot measure. There is concern about getting the message to the non-English speaking public, mainly due to documents available only in English. There has been some outreach in the various neighborhoods, but many didn't know anything about the ballot measure. Maybe social media will help reach more residents.

**Commissioner Matt Donahue asked the following question:**

Ensuring continued FEMA certification is part of the rationale for doing this capital work. There is a risk that voters may not approve the bond. If that happens, what other ways could the district ensure certification of the system?

Mr. Corkey Collier said that FEMA accreditation provides manifold benefits to the community. Part of the funding plan is to work with the State Legislative Assembly to secure \$45 million in state support during the next decade. State support, potential bank or state loans, local partner funding, and grant opportunities will be pursued if voters do not approve the bond in May 2024. The levy system is not currently certified by the US Army Corps of Engineers. The district must recertify the system to maintain FEMA accreditation. Falling out of compliance could cause FEMA to remap the area to a particular flood hazard area. That designation would restrict or stop new development and redevelopment in the managed flood plain. Development and redevelopment costs would increase, putting additional pressure on other buildable areas in the greater Portland region. Floodplain property owners would be required to purchase flood insurance without federally subsidized rates, which could cost up to 10 times as much as the federal flood insurance program if it is obtainable at all.

Do you know of other areas that have lost FEMA certification and become a Special Flood Hazard Area? What has happened in those areas?

Mr. Collier said the most recent example in Oregon is in the city of Milton-Freewater. In 2007 and 2008, the voters in Milton-Freewater voted against bonds that would have made improvements needed for recertification. Following the failure of the bond measures, FEMA withdrew accreditation for the levy system and remapped the areas of the floodplain. The new flood insurance rate map included the entire city of Milton-Freewater in the special flood Hazard area.

As a result of the remapping, Milton-Freewater was subject to national flood insurance program mandates and land use restrictions. The policy changes had substantial negative economic impacts on the city. It slowed development, cost city jobs, and affected property values. For example, Milton-Freewater was obliged to change its zoning and development codes. The updated building codes required new structures to be elevated, increasing construction costs. New development came to a halt. City officials report that developers quickly lost interest in projects once they learned the city was under these FEMA regulations. This included a business that abandoned plans to employ 100 people because of development risk and cost. Milton-Freewater also lost \$400,000 from the Community Development Block Grant program for a daycare and Early Learning Center. This grant, which had already been awarded, was rescinded because the federal investment could not be placed in the special flood hazard floodplain.

After three years of stunted economic growth, high Insurance costs, and lack of development, in 2010, Milton-Freewater's Flood Control District proposed a General Obligation Bond measure to raise the necessary funds for engineering evaluations and levee repairs. That bond measure passed with nearly 81% support.

**Chair Quiroz asked the following questions:**

We understand the board considered different bond amounts, including \$125, \$150, and \$195 million. What was included in the \$195 million package that will not be done with the bond being set at \$150 million?

Mr. Erich Mueller said all the projects initially considered in the \$195 million package are still included in the district's proposed Capital Improvement Package. The GO Bond value was reduced to \$150 million to reflect the anticipated \$45 million in state funds. In February of this year, the governor's office issued a letter articulating the Columbia Corridor's statewide significance and supporting the legislature's work to seek state funding to see these projects through to completion. The governor's letter is included in the final resolution passed by the board of directors, which was included in the packet of materials provided to the TSCC. Many of the cities in the district, along with Multnomah County and the Port of Portland, also provided letters of support for the additional state investment and are committed to helping the district obtain that investment. Those letters were also included in the provided packet materials sent to TSCC.

To clarify my understanding, the total amount of work the district thinks needs to be done on the levy is \$195 million. The bond is set at \$150 million because the state is funding a specific amount more. Is this correct?

Mr. Middaugh answered, saying they could obtain accreditation at the \$195 million. The district has to try to win appropriations from the state to receive the \$45 million. The district has obtained over \$10 million and is optimistic that more will be available. The alternative to complete the entire package would be to either go back to voters or engage in some other form of funding to complete the projects. The district is confident it will get to full accreditation with this project package and will identify the revenue needed to do it.

Mr. Bob Sallinger said he agreed that the district would get full accreditation. It's important to know that the district has other mandates, though, as per the legislation that enabled it, including equity, environment, and climate resilience. Some money is built into this measure to ensure some of that happens. Those mandates will likely get marginalized if the district does not get more money. It is an uphill battle there, knowing what this budget looks like and how the governor's already told agencies they're not getting any extra money this year. This is a big commitment and a big lift to get to where the Urban Flood Safety & Water Quality District needs to go regarding the mandates, not necessarily accreditation.

**Commissioner Mark Wubbold asked the following questions:**

These proposed projects are big ones. Tell us about the district's project management capacity to complete this work – will you need to hire additional FTE or set up contracts for the extra workload?

Ms. Rachele Altman said a combination of district staff, federal agency staff, and consultants would manage the proposed projects. The district has hired experienced project managers over the last few years in anticipation of moving into the design and construction phases. Consultant teams will also support the district's project managers. In some cases, they would take the lead in project development, overseen by district staff. Many projects are federal, so the Army Corps of Engineers would lead the design, permitting, and construction. Then, there are costs for additional project management and staffing, including administrative support built into project estimates, and a new position for a dedicated program manager to oversee, track, and report on progress to the board and the oversight committee.

**Commissioner Allison Lugo Knapp asked the following questions:**

We see state and federal funds are expected in addition to bond funds. Are any of these sources uncertain or at risk?

Ms. Nancy Hendrickson fielded this question, saying large infrastructure projects like these often require a package of funding. While the federal funding is contingent on annual congressional appropriation and requires a local match, the district has advanced the federal project in successful partnership with the Army Corps of Engineers for many years now. Oregon's Congressional Delegation consistently supports this project through the feasibility stage and into the design phase. Corps projects typically win bipartisan support as they move into the construction phase. So, the district is well-positioned to complete the federal project.

Similarly, state funds require approval of appropriations. The district has a good track record of receiving and successfully using state loan and grant funds. As described above, the local agencies and stakeholders have pledged support for the district's effort to fund the capital program.

**Commissioner Wubbold asked these follow-up questions:**

Working with the Army Corps of Engineers, working with the state, doing the work you're anticipating in the current economic climate where the cost of materials, labor, and everything is increasing. Who is responsible if the estimates fall short? Is it the Corp? Is it the district? Who is responsible?

Mr. Colin Rowan said that for the federal funding, the portion matched by the federal government, which is a 35% match of the local sponsor and 65% for the federal, there

is a congressional limit for how much that can expand. It's called the 902 limits. It restricts how much the non-federal sponsor would be on the hook for funding. They might need to look at value engineering or reducing the project scope. But there are limits. It is not just an open checkbook. These limits are a safeguard for both the non-federal sponsor and the federal government.

**Commissioner Donahue asked the following questions:**

We understand cost estimates were taken from engineering reports and reviewed by an independent third-party consultant, and we appreciate the attention paid to getting reliable estimates. Predicting future costs will always come with some degree of uncertainty. If projects exceed available funds, what is your plan?

Mr. Tanney Staffenson said the district has taken several steps to prepare for cost uncertainty. The cost estimates include a contingency for each project using industry standards and additional contingency for the program package. Project costs were adjusted for anticipated inflation using a conservative timeline for project completion. If additional funds are needed, grants can offset unanticipated costs. The district has previously won state and federal grants and will continue to pursue those grant opportunities. The district can also turn to other local agencies with long-standing partnerships to help identify alternative funding options. Finally, the district board can return to the voters for additional funds if required.

The measure says the bonds may mature within 20 years. The district can issue multiple series. Does the district already have a bond issuing strategy where they will issue a series of bonds so the levy will potentially extend up to 40 years? Or is it looking to keep this levy rate within 20 years?

Ms. Lori Baker said yes, the district has already started having conversations with the financial advisers about issuing several tranches of debt. The district is working with the state on some low-interest financing along with a bank financing amount that will be taxable. At that point, the district should be able to get through the first couple of years. Then, the proposed budget has that small amount of debt, which adds up to a penny a thousand for debt service next year. UFS&WQD is looking to manage those costs for the taxpayers and ensure that they are not borrowing more than needed for each phase of the projects.

**Chair Quiroz asked the following question:**

The bond measure mentions the district would establish a bond oversight committee and require audits. Tell us more about this: Who will be on the oversight committee? When would it be formed? How will the committee report back to the board? To the community?

Mr. Erik Molander said the proposed Flood Safety Oversight Committee would be scoped and appointed by the district board this summer and fall. Staff has

recommended the committee include participants with expertise in flood safety, financial oversight, environmental protection, and equity. The committee will report quarterly to the board of directors and prepare an annual progress report for the board and the community.

**Commissioner Burton asked these follow-up questions:**

Could you talk about how you've communicated with the district's key stakeholders: the Port of Portland, the City of Portland's Bureau of Environmental Services, the Portland Water Bureau, and the private companies? Are they on board with contacting their constituents to seek support for this bond measure?

Mr. Middaugh said the district did both staff work and hired a consultant for specific stakeholder outreach, mainly aimed at the business community. There were more than 80 engagements with different business groups and individual businesses. That included the metropolitan chamber, building owners, managers, and realtors. Through board members from the various jurisdictions and staff efforts, the district held dozens of meetings with local agency partners, working through all of the details and supporting both ways in how UFS&WQD could come up with the revenues needed. The district made an extensive effort to engage those critical stakeholders who were impacted, particularly the floodplain and the people who rely on it. The real emphasis was on the banking and insurance sectors, which would be widely affected. The staff focused on those key stakeholders and agency partners.

Nobody is excited to pay more taxes, but people acknowledge that this is a significant role for the government to take on. People recognize the value. The voters will speak, and UFS&WQD will know more later on the operation side. The district has good support from local government partners to help with the operational revenue.

Ms. Kincade added that the district has done a lot of outreach to government officials. In her opinion, these officials fully support the measure because everybody wants flood safety. No one wants to suffer through a flood. The governor said no new taxes, no new fees. Yet in her letter, she suggested supporting the effort to find the money through Business Oregon. She agrees when a politician says anybody would be foolish to oppose flood safety.

If the voters pass the bond measure, what is the project timeline? Which projects would you do first, and how would you prioritize them?

Ms. Hendrickson said each capital project involves planning, engineering, design, construction, and closeout phases. All the projects proposed have already been through some level of planning. The district's Capital Improvement Plan lays out a staggered approach for design and construction. Some projects, including the Federal Portland Metro Levy System Project, are already in the design phase. As they're staggered, other projects will not start design for five to six years. All projects are scheduled to be completed by fiscal year 2034. That's a 10-year window.



Mr. Rowan said they have a risk-based analysis of the projects, even in the current capital improvement planning process, that elevates the highest-risk projects and reduces the amount of flood risk. That is the business that the district is in.

The other essential part of that prioritization is around the new mandates. The district has reserved a portion of the bond proceeds to make progress on that work. Meeting the mandates and requirements for flood safety is where that prioritization goes. For projects with the lower flood risk priority or the least amount of immediacy, staff will need to find out if additional funding is required. The district has excellent cost estimates and a substantial amount of contingency. They feel confident about the program that is in front of the voters.

Mr. Reeser said that to clarify the \$195 million information, some projects are required for the Army Corps of Engineers. Then, another set of projects would get the district to the FEMA certification. Another set of projects is not necessary for either the Army Corps or FEMA. They would still get the accreditation if the state didn't provide the \$45 million match.

Mr. Rowan added that to recertify, they need to update several pumping stations. It's not just the levies. That's because damage can be done to the levy from internal flooding. A few projects for internal pumping have been identified. The district needs to move water through the system before it gets to the pump stations that pump it out. Those aren't necessarily required for certification. They're necessary for keeping people and property safe from flooding.

One thing that staff has learned and seen around the country and the world recently is that the atmospheric rivers and significant rain events are some of the biggest risk drivers. In fact, for the Army Corps of Engineers, one of their key findings is that the considerable flood risk is not that annual spring flood that happens every year. It is rain on snow events. So, those heavy rain events. Staff has been prioritized through planning documents necessary to meet the mission for all identified projects. There are specific projects that are needed to receive recertification and other projects that are necessary to fulfill the mission goals.

Chair Quiroz said that if Maryhelen wanted to share the public comments or thoughts mentioned earlier if they have not been addressed throughout the discussion, the commissioners would like to give a few minutes for that at this point in the hearing.

Ms. Maryhelen Kincade said neighbors had questions about the flood safety fees: Will they be charged to cities and jurisdictions? Will different parts of Multnomah County pay different amounts? Who's going to decide how that will affect the residents? I know it's an issue I brought up before. It doesn't have to do with the ballot measure, but it has also affected people's perception of what this will cost them. That was one particular question.

She added that there were some other questions concerning the \$100 million in federal money:

Is that appropriated? Is that allocated? Is it money in the bank? Somebody said something about Federal budgets and how the politics of different politicians every year can affect how those are appropriated. So, is that \$100 million a sure thing? Or is it if we get the bond measure passed, and do we then get \$100 million? Or is that part of an allocation that FEMA offers to everybody?

Mr. Middaugh said he'd like to address the comments at this time. He said there would be time at the budget hearing for the budget allocation questions. So, in the interest of time, he would be happy to discuss the flood safety benefit fee. However, the other questions about the \$100 million in federal spending were addressed in the earlier questions. It has been authorized, and the district will need annual appropriations. Staff is confident that the district will obtain those. So, the questions about the bond have been answered. It's up to the TSCC commissioners if they'd like an answer or some elaboration on the flood safety benefit fee. He said he would be happy to provide that. Or you could take that up as part of your budget hearing.

Maryhelen said she just wanted to prove that she had asked their questions.

Chair Quiroz said the commissioners will dig deeply into the proposed or planned fee during the budget hearing. So, she will table conversation until the budget hearing in a few weeks.

She thanked everyone for their thoughtful responses, especially to the numerous follow-up questions. She asked if there were final comments the district would like to share with the voters.

Mr. Fancher and Mr. Middaugh thanked TSCC for holding the hearing. He said the district appreciates the commissioners' efforts to ensure that the public has access to this information. They appreciate TSCC's role in helping with that goal.

Chair Quiroz thanked the district board members and staff who contributed to the hearing. She thanked Wendy Lynn for hosting the hearing and managing it so well. She wished the district good luck passing the ballot measure.

With that, she adjourned the bond hearing.